

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF MEADE COUNTY RURAL)	
ELECTRIC COOPERATIVE CORPORATION FOR)	
APPROVAL OF THE CONVERSION OF CFC NOTES)	CASE NO.
9005, 9007, 9009, 9011, 9015, 9016, 9017, 9019)	98-091
AND 9020 FROM THE VARIABLE TO FIXED RATE)	
LOANS)	

O R D E R

On February 11, 1998, Meade County Rural Electric Cooperative Corporation ("Meade County") applied to the Commission for authority to convert certain National Rural Utilities Cooperative Finance Corporation ("CFC") loans from a variable interest rate to a fixed interest rate.

KRS 278.300(2) requires applications for authority to issue or assume securities or evidences of indebtedness to be ruled on within 60 days unless it is necessary for good cause to continue the application. Additional information is needed in the record of this case and it will be necessary to extend the time for ruling on the financing application beyond the 60-day limit in order to obtain and review the information. Therefore, the Commission finds that good cause exists to continue the financing application beyond the 60-day period specified in KRS 278.300(2).

The Commission further finds that an informal conference should be scheduled to assist it in analyzing the application.

IT IS THEREFORE ORDERED that:

1. Meade County's application for authorization to convert the loans is continued beyond the 60-day period specified in KRS 278.300(2).

2. An informal conference is scheduled for April 20, 1998, at 9:30 a.m., Eastern Daylight Time, in Conference Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky. The purpose of the conference will be to discuss the conversion of CFC long-term loans from a variable interest rate to a fixed interest rate. Meade County shall be prepared to:

a. Identify the case number, style, and date of the final Order where the financing was originally approved by the Commission for each loan Meade County is proposing to convert.

b. Discuss the review that Meade County conducted in determining the potential savings realized when converting.

c. Provide an Internal Rate of Return Analysis for each loan using the CFC model. The analysis should reflect the following three alternatives:

(1) The CFC's fixed rate as of February 1, 1998.

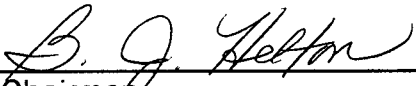
(2) The variable rate as of February 1, 1998 increasing .25 percent semi-annually beginning after the first year.

(3) A fixed rate that would be near the break-even point.

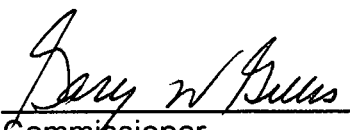
d. Provide the Board of Directors' Resolution.

Done at Frankfort, Kentucky, this 13th day of April, 1998.

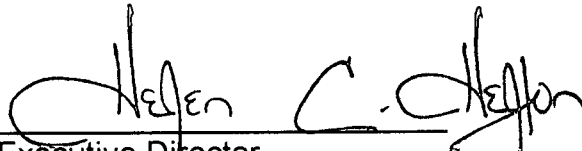
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director